

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS
COMMITTEE ON FINANCIAL MARKETS**

DRAFT CMF PARTICIPATION PLAN

17-18 October 2013

Delegates of the CMF and its subsidiary bodies (Working Parties and Task Forces) are invited to review and approve, by 25 October, the proposed Participation Plan which will apply to the CMF and its subsidiary bodies. Any objections or proposed changes should be preferably raised at the 17-18 October meeting of the CMF. Once approved, the CMF Participation Plan will be submitted to the ERC in time for its meeting on 4 November 2013.

For further information, please contact Mr. Gert Wehinger [Tel: +33 1 45 24 87 68; Email: gert.wehinger@oecd.org].

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DRAFT CMF PARTICIPATION PLAN

1. The Council recently adopted the *Resolution on Partnerships in OECD Bodies* ([C\(2012\)100/FINAL](#)) aimed at promoting and facilitating the involvement of non-OECD economies in the work of the OECD. This Resolution introduces fundamental reforms to the OECD's approach to the participation of non-Members in OECD bodies.
2. As part of the reforms, the Resolution requires all committees to develop a Participation Plan consistent with their Global Relations Strategy. Participation Plans are intended to streamline current Council approval and reporting requirements for non-Member participation in OECD committees and encourage more active Global Relations consistent with committee strategies.
3. The CMF had already developed a Global Relations Strategy, with its most recent restatement in 2011 [[DAF/CMF\(2011\)5](#)]. The CMF is now expected to prepare a Participation Plan which must then be submitted to the Council through the OECD's External Relations Committee (ERC).
4. This note puts forward a draft CMF Participation Plan (see Annex), consistent with the CMF's Global Relations Strategy. The proposed Participation Plan sets out the terms and conditions of the CMF's engagement with non-OECD countries, and indicates the specific countries with which the CMF (including its Working Parties and Task Forces) will seek to engage.
5. Delegates of the CMF and its subsidiary bodies (Working Parties and Task Forces) are invited to **review and approve, by 25 October, the proposed Participation Plan** which will apply to the CMF and its subsidiary bodies. Any objections or proposed changes should preferably be raised at the 17-18 October meeting of the CMF. Once approved, the CMF Participation Plan will be submitted to the ERC in time for its meeting on 4 November 2013.

Background

6. In October 2012, the OECD Council adopted the *Resolution of the Council on Partnerships in OECD Bodies* [[C\(2012\)100/FINAL](#)]. This Resolution updates the rules on non-Member participation in OECD bodies so as to make them more flexible and ensure their compatibility with the Organisation's overall Global Relations Strategy.
7. This Resolution comes as a response to the rapidly evolving global economic context. Increasing globalisation, the repercussions of the financial crisis and the impact of differential growth rates in the emerging and developed economies have created new risks and opportunities for the OECD. By 2020, the current member countries' share of global economic output is projected to fall below 50 per cent, and this proportion is expected to continue to fall. At the same time, increasing impact of the work of the OECD on a global basis and particularly in key fora such as the G20 provides opportunities for a broader engagement with emerging economies. The Council re-examined its strategy, rules and processes to facilitate increased engagement beyond its current boundaries.

8. The Council Resolution is intended “to make the OECD a more effective and inclusive global policy network, including by promoting and diffusing its values and by increasing the relevance and global acceptance of its policy standards and best practices through the participation of non-Members in their development and implementation, without compromising the efficiency or work methods of the Organisation” [preamble of [C\(2012\)100/FINAL](#)]. The Council has indicated its particular interest in deepening engagement with Brazil, China, India, Indonesia, and South Africa, designated as Key Partners, and facilitating broader engagement with other countries where mutually beneficial.

9. The Resolution introduces a new nomenclature to reflect the different types of non-Member participation in OECD bodies. Non-Member countries participating in the work of one or more subsidiary bodies of the Organisation will henceforth be referred to generically as “Partners”. They may be invited to participate in the work of these bodies as an “Associate” (previously referred to as “Full Participant”), “Participant” (previously referred to as “Regular Observer”) or “Invitee” (previously referred to as “Ad Hoc Observer”). See Box 1 below for a summary of the new forms of participation.

Box 1. Summary of forms of non-member participation in OECD bodies

Partnership

- **Partners** refer to non-Members participating in the work of one or more subsidiary bodies of the Organisation. They may be invited to participate in the work of these bodies as **Invitees**, **Participants** or **Associates**.
- **Key Partners** are designated by the Council. Currently, Brazil, China, India, Indonesia and South Africa have this status. A subsidiary body may invite a Key Partner to take part in its activities as an **Invitee** or **Participant**, without seeking Council approval.

Forms of participation

- **Invitees** may be invited, at a body's discretion, to participate in individual meetings, provided they are included in the body's Participation Plan. Invitees are not required to pay any fees. This designation is similar to the previous *Ad Hoc* Observer status. Invitees are expected to contribute to the discussions at meetings. They do neither take part in a body's decision-making nor can they serve on a body's bureau.
- **Participants** are invited to attend all meetings of a body for an open-ended period, unless otherwise provided, subject to a biennial review by the body. Participants are subject to an annual fee of EUR 10 700 (2013 level) for a substantive committee, which also covers participation costs for subsidiary bodies (if they are also included in the invitation). The fees for involvement in a subsidiary body (working party or the like) only is EUR 3 600 per working party, but not more than EUR 10 700 if participation involves multiple working parties of the same committee. This status is similar to the previous Regular Observer status. Participants are expected to contribute substantially to the fulfilment of a body's mandate, through their active participation in meetings and their work, including by providing information the body may require. They do not take part in a body's decision-making process, nor can they serve on a body's bureau.
- **Associates** are invited to attend all meetings of a subsidiary body for an open-ended period, unless provided otherwise. They may participate in the full range of a body's work, including its bureau; they also participate in decision making. In addition to the requirements for Participants, Associates are required to demonstrate their commitment to the body's goals and practices and to provide any statistical information that may be required for the body's database. They are bound by the body's conclusions, proposals or decisions, unless they state otherwise. Associates in a Part I substantive committee, including in its subsidiary bodies covered by the invitation, shall be charged a fee which is the same for all Associates in this body. It shall be set at either EUR 20 300 or EUR 50 700 per year (2013 level). The amount up to the level of the Participant fee is treated as budget income while the difference between the Participant fee and the Associate fee is reallocated to the substantive body concerned.

10. One of the new elements of the Resolution is the requirement for all substantive committees wishing to involve one or more Partners in their work to develop a “Participation Plan” based on their Global Relations Strategies. This requirement replaces the extensive questionnaires, templates and procedures that had to be completed for every new invitation to non-Members, or renewal thereof, as well as the previous reporting and evaluation procedures for regular observers. Invitations to non-Members that do not appear in the Participation Plan will require specific Council approval. Each Plan must indicate:

- i) The proposed Partners, and the capacity in which they are to be invited (as an Associate, Participant or Invitee),¹ and the body / sub-bodies to which they may be invited;
- ii) The terms and conditions for inviting Partners, as included in the Global Relations Strategy;
- iii) Any invitations to Participants or Associates to be terminated (for example, because the country fails to meet the Committee’s obligations or fails to pay its fees); and,
- iv) In the case of Invitees, including Key Partners, which have been invited as Invitees on a recurrent basis to participate in the body’s meetings for four years or more, and which the body does not propose as Participants, the reasons for not doing so.

11. Participation Plans must be submitted to the Council for approval. To ensure that Participation Plans meet all the requirements set by Council and facilitate their comparability, the OECD’s ERC has developed a standardised template for committees. Participation Plans must be reviewed biennially in conjunction in the newly required biennial review of committee Global Relations strategies.

Proposed CMF Participation Plan

12. The draft CMF Participation Plan follows the template and requirements set out by the Council, and has been developed to be consistent with the CMF’s Global Relations Strategy and the OECD’s overall strategy on global relations. Specifically, the proposed CMF Participation Plan sets out the following:

- Bodies to which the Plan applies: The Participation Plan applies to the parent Committee as well as its subsidiary bodies (Working Parties and Task Forces). The new Council Resolution permits the subsidiary bodies of the CMF, such as the WPDM and the WPFS, to develop their own Participation Plans separately from the parent committee (but subject to its approval), with a different fee structure for Associates, should they so wish. The subsidiary bodies of the CMF are:²
 - Working Party on Debt Management (WPDM) that has, especially via its global events, a large number of countries participating in its work.
 - Working Party on Financial Statistics (WPFS), that is to be jointly governed by CMF and the Statistics Committee (CSTAT; proposed to be renamed Committee on Statistics and

¹ Invitations to Key Partners to participate as Invitees or Participants in OECD bodies no longer require specific Council approval. These invitations are to be mentioned in the Participation Plan for information only.

² The Joint IPPC/CMF Task Force on Financial Literacy and Financial Inclusion Statistics mandate expires on 31st December 2014; the Task Force is currently inactive and therefore is not included in this Participation Plan.

Statistical Policy, CSSP)³.

- Task Force on Financial Consumer Protection (TFFCP): open to G20 and Financial Stability Board (FSB) members.
- Advisory Task Force on the OECD Codes of Liberalisation (ATFC): joint CMF, Insurance and Private Pensions Committee (IPPC) and Investment Committee task force, open to G20 and FSB countries.
- Joint Task Force on Institutional Investors and Long-Term Financing (TFLTI): joint CMF and IPPC task force that is open to G20, FSB and APEC members.
- Identified Associates, conditions and fees: No Associate countries currently exist in the CMF; none are being proposed for the time being. Proposed fees are at the minimal level. The proposed conditions for Associates are:
 - They should demonstrate a willingness and capacity to contribute to the achievement of the Committee’s mandate and programme of work, including data and information collection, statistics, and market monitoring; and,
 - They should, as full participants in Committee decision-making, adhere to the main legal instruments of the CMF and commit to principles endorsed by the Committee which are relevant for CMF work on financial markets and form part of accepted good practice but which are not currently OECD legal instruments. The selection of any countries to join as Associates (and for that matter, Participants) will also still follow established CMF criteria for the participation of non-Members (see Box 2).
- Identified Participants: Hong Kong, China, is participant in the CMF, but not in its subsidiary bodies. For the WPFS,⁴ all five Key Partners as well as Bulgaria, Colombia, Costa Rica, Latvia, Lithuania, Romania, and the Russian Federation are identified as Participants. For the time being, there are no proposed other participants as the Committee wishes that any partners to be invited as Participants first familiarise themselves with the Committee as Invitees and demonstrate potential interest in Participant status and in committing to the criteria required for that status (Box 2).
- Identified Invitees: Invitees are those Partners that *may* be invited, at a body’s discretion, to participate in meetings.⁵ The identified Partners (see Annex) are accession countries and those countries that the CMF and/or its subsidiary bodies have invited in recent years or are expected to invite given the current Global Relations Strategy and recent efforts in strengthening global relations, for instance through regional seminars, G20 initiatives and other initiatives such as those pursued with APEC. Thus, listed are:

³ Note that, traditionally, more countries are involved with CSTAT than with the CMF; pending Council agreement on joint governance (and name change), scheduled for 15 October 2013, CSTAT’s more extensive participation plan has already been incorporated for the WPFS in this version of the CMF Participation Plan.

⁴ Pending Council decision; see footnote 3.

⁵ Committees will reportedly not be “penalised” should identified countries end up never being invited to a meeting or never attending a meeting subsequent to an invitation.

Box 2. CMF criteria for the participation of non-Members

General criteria suggested in order to identify the non-Members to be invited and the appropriate form of participation are stated in Article 1a) of the Annex of [C\(2012\)100/FINAL](#):

“Substantive committees’ Global Relations Strategies shall be developed in line with the committees’ mandates and the Organisation’s overall Global Relations Strategy and with due regard to the following elements:

- i. which Partnerships would serve a mutual interest, in the light of:
 - the effects of Partners’ economic development on that of Members,
 - the Partners’ institutional and policy know-how,
 - the appropriate number of Partners participating in the body concerned and the impact of such participation on the efficient functioning of this body,
 and thus facilitate the achievement of the committee’s mandate and programme of work and the Organisation’s mandate of contributing to the development of non-Members;
- ii. whether a proposed Partner should be invited as Invitee, Participant or Associate;
- iii. the terms and conditions to be fulfilled by Participants or Associates;
- iv. appropriate ways and means to encourage a higher level of Partnership and a fuller integration in the body’s work in accordance with this Resolution and OECD rules and procedures;
- v. the possible alternatives for invitations as a Partner, such as participation in Global Forums, regional approaches or bilateral activities.”

With respect to its particular situation, the CMF considers also that the results of the discussion on the issue of participation (observership) it conducted several years ago are still relevant (see [DAF/CMF\(2005\)11/REV1](#), pp. 3-5). At its November 1992 session, the CMF had considered the question of the participation of non-Member countries in its work and the results of its deliberations were transmitted to the Secretary-General through a letter by the Chairman on 20 November 1992. The Committee considered thus that the following additional criteria would appear to be of particular relevance to qualify a country for participation (observership):

- a) “its importance as a financial centre and/or as an importer/exporter of financial services;
- b) its integration into the international financial system;
- c) the degree of actual openness to international trade in financial services including, in particular, the possibility for foreign financial institutions to operate on the local market;
- d) the extent to which its policies in the financial area conform to the basic principles of the OECD Codes of Liberalisation and of the National Treatment instrument”.

The CMF would wish to retain these criteria and to update them with the following additional criteria:

- a) impact (actual or potential) of the Partner concerned on the financial stability of financial markets in OECD countries;
- b) expected development of the financial markets of the Partner concerned.
- c) The identified Partners (see Annex) are those countries that the CMF and/or its subsidiary bodies have invited in recent years or are expected to invite given the current Global Relations Strategy and recent efforts in strengthening global relations, for instance through regional seminars, G20 initiatives and other initiatives such as those pursued with APEC (see paragraph 12).

All the criteria mentioned in above paragraphs should however be considered in a flexible and operational approach. In 1992 already the Committee did not feel that it would be appropriate to set rigid criteria that would automatically imply that operational links should be established with a given Partner. The determination of the eligibility of a Partner for specific forms of association with the work of the Committee should be made on the basis of a case-by-case approach.

- For the CMF, accession countries and the main countries within regional groupings of countries with whom the CMF may interact: Non-OECD G20 and FSB members, South East Asian countries that have been invited to the Tokyo Roundtable, and non-OECD APEC members. The Russian Federation has been invited as Invitee on a recurrent basis.
- For the Working Party on Debt Management (WPDM), non-OECD G20 members, accession countries and non-OECD countries that currently participate in the WPDM meetings and in regional seminars like the OECD Global Forum on Public Debt Management and the OECD-IMF-WORLD BANK Global Bond Forum.
- For the Working Party on Financial Statistics (WPFS), all non-OECD countries that currently participate in the WPFS meetings, in particular UNECE countries, and those that are identified in the CSTAT (CPSS) participation plan.⁶
- For the Task Force on Financial Consumer Protection (TFFCP), all G20 and Financial Stability Board (FSB) members.
- For the Advisory Task Force on the OECD Codes of Liberalisation (ATFC), all non-OECD G20 and FSB countries.
- For the Joint Task Force on Institutional Investors and Long-Term Financing (TFLTI), all G20, FSB and APEC members.
- Identified Key Partners (for information): All Key Partners are identified as Invitees for the CMF and its subsidiary bodies. Any change to the status of these Key Partners will be reflected in an updated Participation Plan.

Proposed action and next steps

13. Delegates are invited to **review and approve** the proposed Participation Plan (see paragraph 5). Once approved by the CMF and its subsidiary bodies, the draft Participation Plan will be submitted to the Council for approval via the OECD's ERC.

14. A draft revised CMF Global Relations Strategy will be prepared for discussion at the next meetings of the CMF and its Working Parties, and should be finalised in the first half of 2014 in conjunction with the CMF Programme of Work and Budget for 2015-16. The new Participation Plan will be reviewed briefly at this stage to ensure that it remains appropriate given the new Global Relations Strategy. The CMF Global Relations Strategy, Participation Plan and Programme of Work and Budget will thus be considered in a synchronised manner.

⁶ Pending Council decision; see footnote 3.

ANNEX

PARTICIPATION PLAN		
OECD Body	Committee on Financial Markets (CMF)	
Subsidiary bodies to which this Plan applies:	All Working Parties (currently Working Party on Debt Management [WPDM], Working Party on Financial Statistics [WPFS]) and Task Forces (currently ⁷ Task Force on Financial Consumer Protection [TFFCP], Advisory Task Force on the Codes of Liberalisation [ATFC], Joint Task Force on Institutional Investors and Long-Term Financing [TFLT])	
Global Relations strategy	OLIS reference: [DAF/CMF(2011)5]	Approved on: 6 October 2011
ASSOCIATES		
Conditions	<p><u>a) Contribute to the achievement of the Committee's mandate and programme of work, including data and information collection, statistics, and market monitoring.</u></p> <p><u>b) Adhere to the following legal instruments:</u></p> <ul style="list-style-type: none"> • Recommendation of the Council on a Policy Framework for Effective and Efficient Financial Regulation [C(2009)125] • Recommendation of the Council on High-level Principles on Financial Consumer Protection [C(2012)102] • Recommendation of the Council on Good Practices on Financial Education and Awareness Relating to Credit [C(2009)62] • Recommendation of the Council on Principles and Good Practices for Financial Education and Awareness [C(2005)55/REV1] 	

⁷

The Joint IPPC/CMF Task Force on Financial Literacy and Financial Inclusion Statistics mandate expires on 31st December 2014; the Task Force is currently inactive and therefore is not included in this Participation Plan.

	<u>c) Commit to the following principles:</u> <ul style="list-style-type: none"> • OECD/INFE High–Level Principles on National Strategies for Financial Education • OECD/INFE Guidelines on Financial Education in Schools • OECD/INFE High-Level Principles for the Evaluation of Financial Education Programmes 		
Fee	EUR 20 300		
Associate	Bodies to which invitation applies⁸	Approval date, summary record⁹	Exchange of Letters
(none)			
PARTICIPANTS			
Participants	Bodies to which invitation applies¹⁰	Approval date, summary record	Acceptance letter
Argentina	ATFC		
Colombia	WPFS	19.09.2013; C/M(2013)16 , Item 153	Pending
Costa Rica	WPFS	19.09.2013; C/M(2013)16 , Item 153	Pending
Bulgaria	WPFS	19.09.2013; C/M(2013)16 , Item 153	Pending
Hong Kong, China	CMF	13/04/1995 [C/M(95)5/PROV , item 92]	
Latvia	WPFS	19.09.2013; C/M(2013)16 , Item 153	Pending
Lithuania	WPFS	19.09.2013; C/M(2013)16 , Item 153	Pending

⁸ Invitations as Associate apply to the inviting body, its subsidiary bodies, joint bodies, Ministerial meetings and Global Fora, unless provided otherwise.

⁹ If applicable: information on suspension or termination should be mentioned in this column.

¹⁰ An invitation as Participant applies to the inviting body and its Global Forums, and may apply to its subsidiary bodies and joint bodies and Ministerial meetings.

Romania	WPFS	21.01.2010; C/M(2010)1/PROV , Item 12	27.01.2010
Russian Federation	WPFS	09.02.2006; C/M(2006)3/PROV , Item 33 b)	Not available
INVITEES			
Invitee	Bodies and items to which the Invitee may be invited ¹¹ :	Approval date, summary record	
Albania	WPFS, WPDM		
Argentina	All		
Azerbaijan	WPFS		
Bosnia and Herzegovina	WPFS		
Brunei Darussalam	CMF, TFLTI		
Bulgaria	CMF, WPFS, ATFC		
Cambodia	CMF		
Cameroon	WPDM		
Chinese Taipei	CMF, TFLTI		
Colombia	All		
Costa Rica	CMF, WPDM, WPFS		
Côte d'Ivoire	WPDM		
Croatia	WPFS		
Gabon	WPDM		
Gambia	WPDM		

¹¹ An invitation as Invitee shall apply to an individual meeting of the body concerned, or one of its subsidiary bodies or a meeting at Ministerial level, as provided for in the invitation. It may apply to meetings of joint bodies, provided that their constituent bodies agree. It may be limited to specific agenda items.

INVITEES (CONTINUED)		
Invitee	Bodies and items to which the Invitee may be invited ¹² :	Approval date, summary record
Hong Kong, China	WPDM, WPFS, TFLTI, ATFC, TFFCP	
Jamaica	WPDM	
Kazakhstan	WPFS	
Kenya	WPDM	
Kosovo	WPDM	
Laos	CMF	
Latvia	All	
Lithuania	CMF, WPFS, WPDM, ATFC	
Malaysia	CMF, WPDM, TFLTI	
Malta	WPFS, WPDM	
Myanmar	CMF	
Namibia	WPDM	
Nigeria	WPDM	
Papua New Guinea	CMF, TFLTI	
Peru	CMF, TFLTI	
Philippines	CMF, TFLTI	
Romania	WPFS, WPDM, ATFC	

¹²

An invitation as Invitee shall apply to an individual meeting of the body concerned, or one of its subsidiary bodies or a meeting at Ministerial level, as provided for in the invitation. It may apply to meetings of joint bodies, provided that their constituent bodies agree. It may be limited to specific agenda items.

INVITEES (CONTINUED)		
Invitee	Bodies and items to which the Invitee may be invited ¹³ :	Approval date, summary record
Russian Federation	All	
Saudi Arabia	All	
Sierra Leone	WPDM	
Singapore	CMF, WPDM, WPFS, TFLTI, ATFC, TFFCP	
Tanzania	WPDM	
Thailand	CMF, WPDM, TFLTI	
Ukraine	WPFS	
United Arab Emirates	WPDM	
Uruguay	WPDM	
Vietnam	CMF, WPDM, TFLTI	
Zambia	WPDM	

INVITEES		
The following Invitees have been invited on a recurrent basis to participate in a (sub-)body's meetings for four years or more, and are not being proposed as Participants		
Invitee	Body	Reasons
(none)		

¹³

An invitation as Invitee shall apply to an individual meeting of the body concerned, or one of its subsidiary bodies or a meeting at Ministerial level, as provided for in the invitation. It may apply to meetings of joint bodies, provided that their constituent bodies agree. It may be limited to specific agenda items.

KEY PARTNERS (FOR INFORMATION) ¹⁴		
Key Partner	Invitation as	Bodies to which invitation applies ¹⁵
Brazil	Participant	WPFS
	Invitee	CMF, WPDM, TFLTI, ATFC, TFFCP
China	Participant	WPFS
	Invitee	CMF, WPDM, TFLTI, ATFC, TFFCP
Indonesia	Participant	WPFS
	Invitee	CMF, WPDM, TFLTI, ATFC, TFFCP
India	Participant	WPFS
	Invitee	CMF, WPDM, TFLTI, ATFC, TFFCP
South Africa	Participant	WPFS
	Invitee	CMF, WPDM, TFLTI, ATFC, TFFCP

¹⁴ Key Partners (currently: Brazil, China, India, Indonesia and South Africa) may be invited as Invitee or Participants without prior Council approval, but should be mentioned in the Participation Plan for information.

¹⁵ An invitation as Participant applies to the inviting body and its Global Forums, and may apply to its subsidiary and joint bodies and Ministerial meetings.